



CPA & CONSULTING  
SERVICES, LLC

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BOYS AND GIRLS CLUBS  
OF SOUTHEAST LOUISIANA, INC.

Independent Auditor's Report and Financial Statements  
June 30, 2008

Deemer CPA and Consulting Services, LLC

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

1/21/09

**Boys and Girls Clubs of Southeast Louisiana, Inc.**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Boys and Girls Clubs Of Southeast Louisiana, Inc.

I have audited the accompanying statement of financial position of Boys and Girls Clubs of Southeast Louisiana, Inc. (a nonprofit organization) as of June 30, 2008, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boys and Girls Clubs of Southeast Louisiana, Inc. as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated November 25, 2008, on my consideration of Boys and Girls Clubs of Southeast Louisiana Inc.'s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

My audit was performed for the purpose of forming an opinion on the financial statements of Boys and Girls Clubs of Southeast Louisiana Inc. taken as a whole. The schedule of functional expenses and the schedule of expenditures of federal awards are presented for purposes of additional analysis and are not a required part of the financial statements of the organization. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*Deemer CPA and Consulting Services, LLC*  
New Orleans, Louisiana  
November 25, 2008

**BOYS & GIRLS CLUBS  
OF  
SOUTHEAST LOUISIANA, INC.**

**Statement of Financial Position**

**June 30, 2008**

**Assets**

Current assets:

Cash	\$ 492,499
Accounts Receivable - Grants and Other	61,386
Prepaid Expenses	34,861
Other Asset	<u>17,982</u>
Total current assets	606,828

Land, building and equipment, net of  
accumulated depreciation

1,687,264

Total assets

\$ 2,294,092

**Liabilities and Net Assets**

Current liabilities:

Accounts Payable & other liabilities	\$ 3,000
Payroll tax & related liabilities	<u>31,005</u>

Total current liabilities

34,005

Net assets:

Unrestricted	2,260,087
Temporarily restricted	-
Permanently restricted	<u>-</u>
Total net assets	<u>2,260,087</u>

Total liabilities and net assets

\$ 2,294,092

The accompanying notes are an integral part of these financial statements.

**BOYS & GIRLS CLUBS  
OF  
SOUTHEAST LOUISIANA, INC.**

**Statement of Activities**

**For the Fiscal Year Ended June 30, 2008**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, gains and other support:			
Contributions	\$ 94,960	\$ -	\$ 94,960
Allocation from United Way	64,998	75,000	139,998
Designation and Combined Federal program funds received from United Way	-	82,365	82,365
Membership dues	7,017	-	7,017
Program service fees	80,860	-	80,860
Grants and Contracts	579,672	-	579,672
Donated Equipment & Facilities	43,452	-	43,452
Other	10,696	-	10,696
Total revenues	<u>881,655</u>	<u>157,365</u>	<u>1,039,020</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>238,279</u>	<u>(238,279)</u>	<u>-</u>
Total revenues, gains, and other support	<u>\$ 1,119,934</u>	<u>\$ (80,914)</u>	<u>\$ 1,039,020</u>
Expenses:			
Program services:			
Social Development	1,496,839	-	1,496,839
Total program services	1,496,839	-	1,496,839
Supporting services:			
Management and general	159,507	-	159,507
Fund raising	35,898	-	35,898
Total supporting services	195,405	-	195,405
Total expenses	<u>1,692,244</u>	<u>-</u>	<u>1,692,244</u>
Changes in net assets	<u>(572,310)</u>	<u>(80,914)</u>	<u>(653,224)</u>
Net assets, beginning of year	2,832,397	80,914	2,913,311
Net assets, end of year	<u>\$ 2,260,087</u>	<u>\$ -</u>	<u>\$ 2,260,087</u>

The accompanying notes are an integral part of these financial statements.

**BOYS & GIRLS CLUBS  
OF  
SOUTHEAST LOUISIANA, INC.**

**Statement of Cash Flows**

**For the Fiscal Year Ended June 30, 2008**

Cash flows from operating activities:	
Change in net assets	(653,224)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	186,794
Changes in operating assets and liabilities:	
Accounts receivable - grants and other	115,941
Prepaid expenses	82,002
Accounts payable and Other liabilities	(4,898)
Payroll taxes and liabilities	<u>19,472</u>
Net cash used in operating activities	(253,913)
Cash flows from investing activities:	
Purchase of equipment, buildings, renovations	<u>(167,010)</u>
Net cash used in investment activities	(167,010)
Cash flows from financing activities:	0
Decrease in cash and cash equivalents	(420,923)
Cash and cash equivalents at beginning of year	<u>913,422</u>
Cash and cash equivalents at end of year	<u><u>\$ 492,499</u></u>

The accompanying notes are an integral part of these financial statements.

**Boys and Girls Clubs of Southeast Louisiana, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2008**

**1. Summary of Significant Accounting Policies**

**General**

Boys and Girls Clubs of Southeast Louisiana, Inc. (Boys and Girls Clubs), is a non-profit organization with Club locations utilized to provide programs and services to enhance the development of boys and girls. The Clubs offer diversified program activities to instill character and leadership development, education and career development, health and life skills, the arts, sports, fitness and recreation. Boys and Girls Clubs is an affiliate member of the Boys and Girls Clubs of America.

**Basis of Accounting**

The accounts of Boys and Girls Clubs are maintained in accordance with fund accounting principles to ensure that both resources and disbursements are classified according to the activities and objectives specified.

The net assets and changes therein of Boys and Girls Clubs are classified as follows:

- Unrestricted Net Assets – Net Assets not subject to donor-imposed restrictions.
- Temporarily restricted Net Assets – Net assets subject to donor-imposed restrictions that may be met either by an action and/or through the passage of time.
- Permanently restricted Net Assets – Net Assets subject to donor-imposed restrictions that will not expire through the passage of time and/or an action.

**Federal Income Tax**

Boys and Girls Clubs is exempt from Federal income tax under the Internal Revenue Code Section 501(c)(3).



## **Summary of Significant Accounting Policies (continued)**

### **Contributions**

Contributions made to the Boys and Girls Clubs are available for the organizations' general programs unless restricted by the donor. Any restricted donations are reported as temporarily restricted support until the donor restrictions expire, at which time the net asset is reclassified to unrestricted net assets.

### **Land, Building and Equipment**

Improvements which significantly extend the useful life of an asset and purchases of land, buildings and equipment are capitalized at cost. The straight line method of depreciation is used for the assets owned by the Boys and Girls Clubs. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the results of operations. Gifted long-lived assets are reported at their estimated fair market value and as unrestricted, in the absence of donor-imposed restrictions on the use of assets.

### **Cash and Cash Equivalents**

Cash is comprised of cash in banks.

### **Compensated Absences**

Employees earn ten to twenty vacations days on an annual basis, depending upon their years of service. Unused vacation days are not carried forward to the next year, any unused time is lost.

Employees also earn ten days of sick leave per calendar year. Unused sick leave is also lost if not used by the end of the calendar year.

### **Use of Estimates**

The financial statements of Boys and Girls Clubs are prepared in conformity with generally accepted accounting principles which include estimates made by management. Accordingly, actual results may differ from those estimates.

## **Summary of Significant Accounting Policies (continued)**

### **Economic Dependency**

Boys and Girls Clubs' receives its funding through grants from the State of Louisiana, Boys and Girls Clubs of America, and other local municipalities. Additionally, the organization receives contributions from the United Way of the Greater New Orleans Area. Any significant budget cuts or reduction in donations could have a significant impact on the operations of the organization.

### **2. Prepaid Expenses**

As of June 30, 2008 prepaid expenses consisted of:

Worker's Compensation Insurance	\$ 666
Property Insurance	20,731
General Liability Insurance	7,148
Fiduciary Liability Insurance	81
Flood Insurance	<u>6,335</u>
Total	<u>\$ 34,961</u>

### **3. Accounts Receivable**

Accounts receivable-grants and other are stated at the amounts due from various grant awarding agencies. Management expects to collect all of the outstanding balances therefore an allowance for doubtful accounts has not been established.

### **4. Land, Buildings and Equipment**

Land	\$ 92,360
Building	1,786,197
Pool	320,000
Furniture, fixtures, and equipment	<u>388,847</u>
	\$ 2,587,404
Less accumulated depreciation	<u>(900,140)</u>
Land, buildings and equipment – net	<u>\$ 1,687,264</u>

## **5. Operating Leases**

The Boys and Girls Clubs of Southeast Louisiana, Inc. leases space for its main office and storage. Lease expense for the year ended June 30, 2008 was \$37,303, collectively.

## **6. Functional Allocation Of Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

## **7. Donated Facilities**

The Boys and Girls Clubs of Southeast Louisiana, Inc. had three clubs that occupied several different facilities rent free. The estimated fair value of the annual rent for the Gretna, Covington, and Houma clubs is \$43,452, (approximately \$1,207/month) and is included in contributions and expenses in the statement of activities.

## **8. Concentration of Credit Risk**

The Organization maintains several cash accounts at one financial institution. All accounts are insured by the Federal Deposit Insurance Corporation to a maximum of \$100,000. Any deposits held in excess of this amount are considered at risk.

## **9. Board of Directors' Compensation**

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member.

# SUPPLEMENTAL INFORMATION

**BOYS & GIRLS CLUBS  
OF  
SOUTHEAST LOUISIANA, INC.**

**Statement of Functional Expenses**

**For the Fiscal Year Ended June 30, 2008**

	Program Services		Support Services		
	Social Development	Management and general	Fund-raising	Total	
Expenses:					
Salaries & Wages	\$ 686,647	84,808	28,269	\$ 799,724	
Employee benefits	57,664	9,142	3,516	70,322	
Payroll taxes and related expenses	87,458	10,695	4,113	82,266	
Total salaries and related benefi	811,769	104,644	35,898	952,312	
Professional fees and contract sen	126,043	26,834	-	152,877	
Supplies	41,945	7,148	-	49,093	
Telephone and Telecommunication	16,910	5,637	-	22,546	
Water & Utilities	25,830	-	-	25,830	
Other office expenses	1,417	1,987	-	3,404	
Summer Camp expenses	11,664	-	-	11,664	
Food Supplies	3,438	-	-	3,438	
Transportation & Auto Allowance	11,323	-	-	11,323	
Occupancy	87,498	13,257	-	80,755	
Equipment, Rental & Maintenance	12,299	-	-	12,299	
Insurance	132,033	-	-	132,033	
Conferences, conventions, meeting	31,487	-	-	31,487	
Dues support to Boys & Girls Clubs	3,000	-	-	3,000	
Depreciation	186,794	-	-	186,794	

The accompanying notes are an integral part of these financial statements.

**Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed in Accordance  
With Government Auditing Standards**

To the Board of Directors of  
The Boys and Girls Clubs of Southeast Louisiana, Inc.

I have audited the financial statements of the Boys and Girls Clubs of Southeast Louisiana, Inc. as of and for the year ended June 30, 2008 and have issued my report thereon dated November 25, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing my audit, I considered Boys and Girls Clubs of Southeast Louisiana, Inc.'s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Boys and Girls Clubs of Southeast Louisiana's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Boys and Girls Clubs of Southeast Louisiana's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

I noted certain matters that I reported to management of Boys and Girls Clubs of Southeast Louisiana, Inc. in a separate letter dated November 25, 2008.

This report is intended solely for the information and use of management, State of Louisiana Legislative Auditor, Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Deemer CPA and Consulting Services, LLC*

New Orleans, Louisiana  
November 25, 2008

**Boys and Girls Clubs of Southeast Louisiana, Inc.**  
**Schedule of Current Year Findings and Questioned Costs**  
**June 30, 2008**

There were no current year findings noted.



**Boys and Girls Clubs of Southeast Louisiana, Inc.**  
**Schedule of Prior Year Findings and Questioned Costs**  
**June 30, 2008**

	<b>Resolved</b>	<b>Unresolved</b>	<b>Partially Resolved</b>
07-1 State of Louisiana Audit Deadline Not Met	<b>X</b>		



CPA & CONSULTING  
SERVICES, LLC

BRENDEL W. DEEMER, CPA  
bwdeemer@bellsouth.net

November 25, 2008

To the Senior Management and  
The Board of Directors of  
Boys and Girls Clubs of Southeast Louisiana, Inc.

In planning and performing my audit of the financial statements of Boys and Girls Clubs of Southeast Louisiana, Inc. for the year ended June 30, 2008, I considered the agency's internal control in order to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during my audit, I became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect my report dated November 25, 2008, on the financial statements of Boys and Girls Clubs of Southeast Louisiana, Inc.

I will review the status of these comments during my next audit engagement. I will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. My comments are summarized as follows:

#### Organizational Structure

The size of the agency's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors remain involved in the financial affairs of the agency to provide oversight and independent review functions.

#### Membership System

It was noted during testwork of membership fee revenue that one (1) club (Westbank) does not utilize the Vision system to record its membership information. This particular club records its information manually and inputs the data into the system at year end. The system should be utilized by all clubs to account for membership on a monthly basis. This creates uniformity of procedures and allows for checks and balances throughout the year.

#### Accounts Receivable-BLS

There is an accounts receivable balance of \$8,014 from a former executive director for which payment is due each month in the amount of \$729. Ten (10) payments were received by the Boys and Girls Clubs of Southeast Louisiana, Inc. instead of twelve (12) during this fiscal period.

I wish to thank the Executive Director and his staff for their support and assistance during my audit.

This report is intended solely for the information and use of the Board of Directors, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

*Deemer CPA and Consulting Services, LLC*  
Deemer CPA and Consulting Services, LLC



December 9, 2008

Louisiana Legislative Auditor  
1600 N. Third Street  
Baton Rouge, Louisiana 70802

To Whom It May Concern:

In response to the management letter submitted by Deemer CPA and Consulting Services for our Audit Report and Financial Statements ending June 30, 2008.

**Organization Structure:**

During the course of the Audit, our Vice President of Finance resigned her position with our organization to accept a position with a local governmental entity. Her transition has been planned for some time and in no way was a response to the Audit. We are in the process of filling that position.

**Membership System:**

The Westbank Club experienced several computer and internet issues the impaired the Club's ability to effectively implement the Visions system. All systems have since been repaired and the Club is now fully implementing the member management system.

**Accounts Receivable – BLS:**

Our organization has recently initiated efforts to make this account current.

Respectfully,

Johnny DiBartolo  
President/CPO